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CHINA NEWS AND VIEWS DIGEST

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Shanghai.

September 21, 1936

Dear Sir(s): .

For the past two weeks we have been sending you, free of charge, our daily service of translations from the Chinese and Japanese press.

During this trial period you will have had opportunity to judge of its value to you in your daily work or business and we would be glad to be able to enter your name on our list of regular subscribers. The subscription rate is \$20 per month (Chinese currency).

Should you desire to become a regular subscriber, will please forward us your check for \$20, covering subscription for the coming month. We will continue sending you the service free of charge until the end of this month.

Yours faithfully,

China News & Views Digest

Fang Fu-an
C. Frank Glass

Proprietors

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CHINA NEWS & VIEWS DIGEST

P. O. BOX 1469, SHANGHAI

DAILY SERVICE OF TRANSLATIONS FROM LEADING
CHINESE AND JAPANESE NEWSPAPERS

Editor: C. F. GLASS.

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CHEN LI-FU TO HEAD CHUNGSHAN UNIVERSITY

HONGKONG, Sept.9 -- Mr. Chen Li-fu, chairman of the organization bureau of the Kuomintang and leader of Gen. Chiang Kai-shek's Blue Shirt organization, is to be given the concurrent post of chancellor of Chungshan University in Canton, according to well-informed Chinese circles. -- Shanghai Mainichi, Evening Edition, Sept.10.

JAPANESE AGENCY REPORTS PAKHOI MURDER

HONGKONG, Sept.10 (Tatung) -- According to information obtained from Chinese sources, the killing of Mr. Jyunao Nakano, a Japanese druggist, at Pakhoi on September 3, was perpetrated by non-uniformed men belonging to the division of the 19th Route Army commanded by Gen. Chu Shiao-sen.

At 10 a.m. on the day of the murder, a meeting of soldiers and civilians was called by Commander Chu for the purpose of spreading anti-Japanese propaganda. The meeting passed a resolution in favor of immediate war on Japan. Mr. Nakano was selected as its first victim. About 10 non-uniformed men from Commander Chu's division led a mob of hundreds to Mr. Nakano's shop at 4 o'clock in the afternoon.

Crying "Kill the lackey of imperialism," they dragged Mr. Nakano into the street and threw him on the ground until he was dead. The police made no attempt to interfere. -- Shanghai Nippo, Evening Edition, Sept.10.

WITHDRAWAL OF GEN. CHU SHIAO-SEN'S
ARMY ORDERED

NANNING, Sept.10 (Tatung) -- A meeting attended by Gens. Li Tsung-jen, Bai Chung-hsi, Hwang Hsiu-tsu, and Tsi Ting-Kai was held here during the evening of Sept.8 to consider the situation which has arisen as a result of the killing of a Japanese subject at Pakhoi.

It was decided to instruct Gen. Oong Chao-huang to investigate the incident immediately and meanwhile to order Gen. Chu Shiao-sen to withdraw his army from Pakhoi and Hanoi. -- Shanghai Nippo, Sept.11.

Sept.11. 1936

GEN. CHU SHIAO-SEN'S TROOPS SAID
INTENSELY ANTI-JAPANESE

CANTON, Sept.10 (Tatung) -- The troops of Gen. Chu Shiao-sen's army, which are believed to have been responsible for the incident which resulted in the death of a Japanese subject in Pakhoi on September 3, are understood to be impregnated with intense anti-Japanese feeling and also to be bitterly opposed to Gen. Chiang Kai-shek.

The Pakhoi incident was intended to break up the compromise agreement reached between Gen. Chiang Kai-shek and the Kwangsi leaders. -- Shanghai Nippo, Sept.11.

JAPANESE IN CANTON WARNED TO BE
MORE CAUTIOUS

CANTON, Sept.10 (Tatung) -- In view of the frequent killings of Japanese subjects in recent months, a warning has been issued to Japanese residents here by the Japanese Consul-General, urging them to be more cautious and to avoid walking on the streets at night. -- Shanghai Nippo, Sept.11.

T.L.SOONG ALLEGED TO HAVE TAKEN BRIBE
OF \$3,000,000

Dr. Feng Jui, former Commissioner of Agriculture and Forestry in the Kwangtung Provincial Government, was executed in Canton for his greed and corruption.

In the course of his trial at the Fourth Route Army headquarters, however, two high officials sent by Nanking to adjust the finances of Kwangtung, were also implicated in charges of corruption. These are Mr. T. L. Soong, Finance Commissioner, for Kwangtung, and Mr. Tang Hsi-an, the Salt Commissioner.

These two men were found to have taken a bribe of \$3,000,000 while ostensibly working to clear the financial administration of its former corruption.

Gen. Chiang Kai-shek, who was responsible for their appointment, is extremely angered by the revelation of their malfeasance, and Mr. Tang Hsi-an has resigned from his post in consequence. -- Shanghai Nippo, Sept.11.

Sept.11, 1936

MARTIAL LAW DECLARED IN PAKHOI

HONGKONG, Sept.10 -- In view of the tense situation which has arisen consequent upon the killing of a Japanese subject on September 3, Gen. Oong Chao-huang has declared martial law in Pakhoi, according to a brief report received here last night. -- Shun Pao, Sept.11.

JAPAN TO SEND ANOTHER ECONOMIC MISSION TO SOUTH CHINA

TOKYO, Sept.10 (Hualien) -- Officials and business leaders here are busy organizing another mission to conduct an investigation of economic and political conditions in South China.

Members of the mission will leave Japan on October 3 and will spend about one month in the provinces of Kwangtung and Kwangsi. -- Central China Daily News, Sept.11.

JAPANESE PLANES CONTINUE FLYING TO SHANSI

PEIPING, Sept.10 -- Despite protests by the Shansi authorities against the flight of Japanese planes over Shansi without permission, a Japanese plane, coming from Peiping, flew over Taiyuan again today. -- Chin. Evening News, Sept.10.

JAPANESE TO BUILD RAILROAD BETWEEN PEIPING AND DOLONOR

TIENTSIN, Sept.10 -- A certain party is reported to be planning the construction of a railroad to connect the Peiping-Suiyuan Railway with Dolonor, which is situated on the border of Cheher and Jehol. This would link Dolonor directly with Peiping and Tientsin.

The proposed construction has aroused the attention of the authorities here. -- China Evening News, Sept.10.

Sept. 11, 1936.

JAPANESE TO EXPLOIT WOOLLEN INDUSTRY IN NORTH CHINA

TIENTSIN, Sept. 10 - The Japanese Colonial Office has decided to develop the woollen industry in North China with a capital of \$1,520,000.

According to the present plan, the Japanese Government will organize an Oriental Woollen Industry Association. In the first year, \$200,000 will be spent by the association for the investigation of the production of sheep wool in North China. -- Shun Pao, Sept. 11.

EIGHT OFFICES TO BE ORGANIZED BY THE HOPEI-CHAHAR INSPECTION BUREAU

TIENTSIN, Sept. 10 - Although the regulations governing the collection of consumption taxes have not yet been approved by the Hopei-Chahar Political Council, the Hopei-Chahar Inspection Bureau is commencing work for the registration of smuggled goods.

It is reported that the smuggled goods will be taxed and released for transportation and sale in North China next week.

According to the present plan, the Bureau will organize eight offices of inspection at Peiping, Tientsin, Kalgan, and Paoting. The head office will have an expense of \$5,000 per month.

The Hopei-Chahar Political Council is exchanging telegrams with the Ministry of Finance regarding the functions of the new Bureau, which the former believes does not in any way conflict with the Customs administration.

From reliable sources, it is learned that Dr. H. H. Kung, Minister of Finance is of opinion that the Bureau will be legitimate if it assists the Customs in the prevention of smuggling. If, however, it collects a tax of any kind, it will be acting to disorganize the Customs administration. -- Shun Pao, Sept. 11.

Sept. 11, 1936

HUNAN BORROWS \$1,000,000

CHANGSHA, Sept. 10 - As the Autumn Festival is near at hand, the Hunan Provincial Government is finding it extremely difficult to meet its financial obligations.

In order to pay the military expenses on time, Mr. Liu Chien-shu, Commissioner of Finance for Hunan, is negotiating with the Hunan Provincial Government for a loan of \$1,000,000. The salt tax in the province will be pledged as security for the loan. -- Shun Pao, Sept. 11.

PREVENTION OF SMUGGLING IN FUKIEN SHOWS RESULTS

AMOY, Sept. 10 - The measures taken by the Customs authorities in the prevention of smuggling along the Fukien coast have resulted in an increase of Customs revenues and a decline in smuggling.

In August, the import duty collected by the Amoy Customs amounted to \$934,813, a record figure for the past eight months. Shun Pao, Sept. 11.

LI TSUNG-JEN WILL ASSUME POST ON SEPTEMBER 15

HONGKONG, Sept. 10 - General Li Tsung-jen, newly-appointed Pacification Commissioner of Kwangsi, will assume his post on September 15, according to a special report received here.

Gen. Chen Chien, Chief of Staff of the National forces, will go to Nanning in a day or two to perform the ceremony of oath administration.

It is reported that Gens. Huang Shao-hsiung and Chen Chen will accompany Gen. Chen Chien on the trip. --

Mr. Liu Wei-chang, representative of Kwangsi, left Canton today by plane for Nanning, taking with him autographed letters of General Chiang Kai-shek. It is reported that Gen. Li Tsung-jen has been appointed by Gen. Chiang as Commander of the 5th Route Army (the Kwangsi troops are to be reorganized into the 5th Route Army).

MORE

Sept. 11, 1936.

LI TSUNG-JEN WILL ASSUME POST ON SEPT. 15 (CONTINUED):

Instructions have been telegraphed to the Kwangsi leaders by Gen. Chiang regarding the rehabilitation of Kwangsi and the settlement of the Pakhoi incident. -- Lih Pao, Sept. 11.

JAPANESE SUPPLY BANDITS IN NORTH CHAHAR WITH ARMS
FOR A NEW ATTACK ON EAST SUIYUAN

TIENTSIN, Sept. 10 - Fifty thousand Mongolian cavalrymen under the command of Gen. Li Shou-hsin are now concentrated at Changpei, while the bandits and Manchukuo troops under the command of Pao Yueh-chin, and Tso Shih-hai are now stationed at Shangtu and Kongpao.

These men are supplied with fighting weapons by the Japanese. It is expected that they will launch an attack against East Suiyuan in the middle of September. -- Lih Pao, Sept. 11.

CHANG TZE-CHUNG ADMITS TENSE SITUATION
IN CHAHAR AND SUIYUAN

TIENTSIN, Sept. 10 - General Chang Tze-chung, Mayor of Tientsin, in an interview with the press, admitted the existence of a tense situation in Chahar and Suiyuan.

Gen. Chang declared further that even Ninghsia and Kansu provinces are under serious pressure from a certain party. -- Shun Pao, Sept. 11.

FINANCE MINISTRY PLANS TO OPEN VILLAGE BANKS

SHANGHAI, Sept. 10 - For the assisting of the farmers financially, the Ministry of Finance has drawn up plans for the organization of village banks.

According to the preliminary plan, these village banks will work closely with the Central Bank of China and will have a total capital of \$6,000,000 to be appropriated in one sum by the Ministry of Finance.

It is expected that these village banks will be established in 1937. -- China Times, Sept. 11.

Sept. 11, 1936.

NO CHANGE OF PERSONNEL OF HOPEI GOVERNMENT

TIENTSIN, Sept. 10 - In an interview with the press, Gen. Chang Tze-chung, Mayor of Tientsin, declared that the report to the effect that he will be appointed Chairman of the Hopei Provincial Government is entirely unfounded. Gen. Chang declared that there will be no change of the personnel of the Hopei Provincial Government.

Referring to the Sino-Japanese Power Company, Gen. Chang declared that no definite arrangement has yet been reached for Japanese financiers to invest money, while Chinese financiers have already subscribed \$600,000 of the total \$8,000,000 capital of the company.

It is Gen. Chang's opinion that the Sino-Japanese Power Company will not function for some time. --China Times, Sept. 11.

JAPANESE AGRICULTURAL STATION IN HOPEI
TO BE COMPLETED

TIENTSIN, Sept. 10 - (Hwallen) - Construction of the first Japanese Agricultural Experimental Station in Tientsin will be completed in December, while the second and third experimental stations will be built in Luantung and North Hopei respectively.

At Chikow, the Japanese are building a fish market and will assist the Chinese fishermen in the area financially. -- China Times, Sept. 11.

MORE THAN \$14,000,000 IN SUBSIDIARY COINS MINTED

SHANGHAI, Sept. 10 - According to the Central Mint, \$14,292,000 worth of subsidiary coins were minted from February to the end of August. -- Sin Wen Pao, Sept. 11.

Sept. 11, 1936.

JAPANESE OPEN LUNGYEN COAL MINE

TIENTSIN, Sept. (Hwalien) - A plan has been agreed upon by the Hsin Chung Company and the South Manchuria Railway Company for the opening of the Lungyen coal mines at Shuanhua.

According to usually reliable sources, the Japanese companies are now negotiating with the Hopei-Chahar Political Council for the opening of these mines and it is reported that the latter has accepted the Japanese plans. -- Central China Daily News, Sept. 11.

MORE ANTI-JAPANESE VOLUNTEER ACTIVITY

CHANGCHUN, Sept. 10 - (Hwalien) - More than 100 anti-Japanese volunteers under the command of Wang King-tze attacked a train on the Anfeng railway, in the Shih-taitze district, last night. A number of Japanese were killed and wounded.

The volunteers carried away large sums of money from the Japanese passengers on the train. -- Sin Wen Pao, Sept. 11.

FOREIGN POWERS ACCEPT CHINESE REQUEST REGARDING COLLECTION OF INCOME TAX FROM FOREIGNERS

NANKING, Sept. 10 - Replies have been received from the American, British and other Embassies to the communique of the Ministry of Foreign Affairs regarding the collection of income tax from foreign residents in China.

In these replies, the foreign authorities promised to assist China in collecting income tax from foreign nationals. -- Ta Kung Pao, Sept. 11.

Sept. 11, 1936

ANTI-JAPANESE MOVEMENT SAID WIDESPREAD THROUGHOUT CHINA

Commenting in an editorial today on the anti-Japanese movement, the Shanghai Nippo declares that the movement is now widespread through the Chinese nation.

"Hitherto," the paper states, we have been accustomed to focussing all our attention on the attitude of the Nanking Government. This has to be changed. Henceforth we must not concern ourselves solely with the question whether the Nanking Government is, or is not, sincerely endeavoring to suppress the anti-Japanese movement.

"For today the anti-Japanese movement is a wide-scale movement of the whole nation. In the anti-Japanese united front there participate all political organizations, groups and individual who wish to fight Japan.

"Although the anti-Japanese united front is divided into a 'People's Front' and a 'National Front,' the aim and will to fight against Japan is common to both wings.

"In these circumstances, the Kuomintang and the Communist Party are only two exceptionally tall trees in the big forest of the anti-Japanese movement. Henceforth we must pay attention to the whole forest and not confine it to the taller trees."

TA KUNG PAO URGES REAL NATIONAL UNIFICATION

Declaring that with the Kwangsi trouble settled, the authorities should now seek to encompass true national unification, the Ta Kung Pao writes in an editorial today:

"Attempts should be made to secure the assistance of all Chinese to help the country at the present time of national crisis. To this end, the authorities should release the political prisoners, revise the orders prohibiting freedom of press and organization, make known the government's policies, and maintain a close cooperation with the educational leaders of the country."

Referring to the duty of the people toward the government, the paper asks the people to love their country and the government officials. "It must be noted that the government officials are not infallible. They have their shortcomings, but these must be regarded sympathetically. Only thus can there be true cooperation between the government and the people."

Sept. 11, 1936.

ON THE CHENG TU AND PAKHOI INCIDENTS

Commenting on the Chengtu and Pakhoi incidents, the Lih Pao in an editorial today writes:

"It is unfortunate these two incidents occurred lately in Chengtu and Pakhoi. We hope that they can be settled through the regular diplomatic channels and that the people of the two countries will do their best to eliminate the hatred and bad feeling now prevailing.

"China and Japan are the leading countries in the Far East and most of the peoples of these two countries are peace-loving and ought to maintain peace in Asia. However, developments in recent years have created serious misunderstandings between the peoples of the two countries and incidents have complicated their relationships.

"The Japanese press declared that the incidents indicate the revival of the anti-Japanese movement. To this, we think it is appropriate to reply that these incidents occurred because of the change of color of the Chinese map in a number of places. We hope the newspapers of our friendly neighbour will observe a far-sighted attitude, so as not to aggravate the present greatly strained situation."

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CHINA NEWS AND VIEWS DIGEST

Tel. 70834

P. O. Box 1469, Shanghai

September 7, 1938

Dear Sir,

We have pleasure in sending you herewith the first issue of the "China News and Views Digest" a daily service of translations from the Chinese and Japanese press of Shanghai and elsewhere.

In launching the "Digest," it is the aim of the proprietors to furnish newspaper editors, press correspondents, officials, business institutions and others an accurate and rounded budget of news and views of the Chinese scene as mirrored in the daily Chinese and Japanese language newspapers.

The "Digest" will be the most inclusive and carefully edited service of its kind yet instituted and should prove of inestimable aid to all those whose duty or interest it is to keep abreast of what the vernacular press records and says.

There will be no arbitrary exclusion of news items or comments on any ground of expediency, since the proprietors will have only the interests of their subscribers to serve. Accordingly, the daily "Digest" will include all news items of any importance in the fields of politics and government, economics and finance, social affairs, in addition to the more important editorial comments which will be given in a suitably condensed form. In presenting these items, the utmost care will be exercised to insure that the translations are an accurate rendering of the originals. Sources will in all cases be indicated.

The "Digest" will be published by noon each day, so that subscribers will have before them at a comparatively early hour a service which, we feel sure, will prove to be a most valuable aid in their work or business of the day.

We have entered your name on our list of tentative subscribers and shall send you the "Digest" free of charge for a brief trial period. We have fixed the monthly subscription rate at Mex. \$20, payable in advance. At the end of the trial period referred to, we hope you will have convinced yourself of the value of our service and that you will become a regular subscriber.

Yours very truly,

CHINA NEWS AND VIEWS DIGEST

Fang Fu-an
C. Frank Glass

Proprietors.

29th. ARMY SAID READY TO FIGHT JAPAN

TIENTSIN, Sept. 5 (Tatung Agency)-- A cavalry regiment of the 29th Army, which is under the command of Gen. Sung Chieh-yuan, chairman of the Hopei-Chahar Political Council, is moving from Tsangchow through Yungchen and Tsochow, two cities situated on the Peiping-Hankow Railway, towards the western suburbs of Peiping.

This cavalry movement is regarded as preparatory to open warfare against the Japanese troops in North China. The aim of the cavalry is to establish a close connection with the main body of the 29th. Army which is stationed at Nanyuen in the southern suburbs of Peiping. -- Shanghai Mainichi, Sept. 6

REPORTED BRIBE FOR GEN. HAN FU-CHU

TIENTSIN, Sept. 5 (Tatung Agency)-- General Chiang Pei-chen, personal representative of Gen. Chiang Kai-shek, has arrived in Tainan and is reported to have brought with him the sum of one million dollars with which to bribe Gen. Han Fu-chu, provincial governor of Shantung.

A lieutenant in the army of Gen. Sung Chieh-yuan, chairman of the Hopei-Chahar Political Council, is also reported to arrived in Tainan on a secret mission. -- Shanghai Mainichi, Sept. 6.

**AMERICAN MISSIONARY UNIVERSITY BLAMED
FOR CHENG TU KILLINGS**

HANKOW, Sept. 5 -- According to information gathered from foreign residents in the Szechwan capital, the recent riot in that city, which resulted in the death of two Japanese subjects and injury to two others, was staged under the leadership of students of the West China University, an American missionary institution in Chengtu. -- Shanghai Nippo, Sept. 6

Sept. 7, 1936

KUOMINTANG BLAMED FOR CHENG TU RIOT

CHUNGKING, Sept. 4 -- Following the recent Chengtu incident, in which two Japanese subjects were killed and two others badly injured, the Chinese government declared that Communists were to blame for the incident. However, many new facts have been discovered which prove the incident to have been staged according to a carefully prepared plan, the purpose of which was to prevent Mr. Iwai, the newly-appointed Japanese Consul at Chengtu, from assuming his post. These facts are as follows:

1. When the mob attacked the Great Szechuen Hotel a search was started for the Japanese Consul and members of the crowd shouted "Deport Iwai!" The riot lasted about two hours and during all of that period the police stood by without interfering. When the rioters seized Mr. Saite, they questioned him: "Iwai arrived here by airplane -- where is he now?"

2. Before the riot commenced, members of the mob questioned the four subsequent victims as to whether they were on the staff of the new Japanese Consul. From this fact it can be seen that the riot was under the leadership of the local Kuomintang organization, which aimed to prevent Mr. Iwai from taking over his post.

3. On the night of August 23, when it had become known that Mr. Iwai would reach Chengtu the following day, placards denouncing the reopening of the Japanese Consulate in Chengtu made their appearance on the streets. These posters were put up by students and well-dressed men who went about their work in a manner suggesting that they did not fear any action by the police.

4. On August 28, when news had spread that the secretary of the new consulate, Mr. Matsumuro, had arrived in the city, the agitation was renewed. Judging by the quick reaction to the news and the planned character of the campaign, it is obvious that the whole affair was under Kuomintang direction. -- Shanghai Nichi-Nichi, Sept. 6.

Sept. 7, 1936

DR. LO WEN-KAN TO BECOME A MONK?

HONGKONG, Sept. 5 -- Following the political downfall of Gen. Chen Chi-tang, former warlord of Kwangtung, Dr. Lo Wen-kan, erstwhile minister of foreign affairs in the Nanking Government, has decided to become a Buddhist monk and to enter the famous Lungwoo Monastery in Kwangtung. After a lengthy retirement from politics, Dr. Lo entered the arena again as a member of the S.W. Political Council, but with the abolition of this body following the assumption of control in Kwangtung by Gen. Chiang Kai-shek, he has apparently decided to quit politics for good. -- Shanghai Nippo, Sept. 6.

"NEW LIFE" EDITOR BEING RELEASED

SHANGHAI, Sept. 6 -- Mr. Tu Chung-yuan, editor of the New Life Weekly who was sentenced to serve one year and two months for publishing an article entitled "Gossip About Emperors," which was considered offensive by the Japanese authorities, will complete his prison term on September 9 and be released. -- Central China Daily News, Shanghai, Sept. 7.

JAPANESE CONSULATE IN TIENTSIN
TO BE EXPANDED

TIENTSIN, Sept. 5 -- The staff and activities of the Japanese Consulate-General in this city will be considerably expanded following the arrival of the new Japanese consul-general.

The budget of the Consular Police has been fixed at \$147,930 for the year commencing October and the number of Japanese Consular Police will be increased to 300 men. -- Shun Pao, Sept. 6.

Sept. 7, 1936

GENERAL CHIANG CONCEDES KWANGSI DEMANDS

NANKING, Sept. 6 -- Cancelling its former demands that Generals Li Tsung-jen and Pai Chung-hsi, Kwangsi warlords, should leave that province and assume posts offered them elsewhere, the Nanking government, it is learned, has now agreed that the two recalcitrants should remain where they are. General Li, it is understood, will be commander-in-chief of the Kwangsi forces, while General Pai, as his second in command, will be made a member of the Military Affairs Commission.

In view of these concessions by Nanking, a peaceful ending to the Nanking-Kwangsi trouble is now believed to be assured.

The motivation for the concessions, which have been made at the instance of Gen. Chiang Kai-shek, is believed to be the complication brought about by the recent Chengtu incident in which two Japanese subjects lost their lives, while two others were badly injured. They were, in part, also motivated by the stubborn resistance which the Kwangsi leaders showed towards the demands of Nanking.

In making the concessions, it is noted that Gen. Chiang has failed to achieve his cherished purpose of liquidating his two most important rivals. The Kwangsi generals, utilizing the banner of an anti-Japanese movement, have rallied around themselves all the anti-Japanese and anti-Chiang Kai-shek elements, notably the reorganized 19th Route Army and Third Party people who recently flocked into Kwangsi.

Under the pressure which these elements will exercise it is considered likely that henceforth Gen. Chiang will pursue a much more determined anti-Japanese policy. Shanghai Mainichi, Sept. 7.

Sept. 7, 1936

"NIPPO" COMMENTS ON CONCESSIONS
MADE TO KWANGSI

Pressed by the unfavorable situation created by the Chengtu incident and the strong attitude adopted by the Kwangsi generals, Gen. Chiang Kai-shek has been compelled to make great concessions to Kwangsi.

Gen. Chiang was most anxious to settle the Kwangsi difficulty as quickly as possible and sent Dr. Wang Chung-hwei, Mr. Chu Chen and Gen. Chu Pei-teh to Nanning to conduct negotiations.

The first condition which he laid down was that Generals Li Tsung-jen and Pai Chung-hsi should leave Kwangsi and go abroad. But the Kwangsi leaders rejected this demand and ordered the troops under Gen. Oong Chao-yuan to move into southern Kwangtung. Fearing attack, the Kwangtung troops withdrew from their positions.

At this point, Gen. Chiang abandoned all hope of securing a fundamental solution of the Kwangsi problem and resigned himself to losing face in an endeavor to reach a compromise agreement with the Kwangsi leaders. The concessions he has now made are the result.

But can one say that the Kwangsi group has scored a great success? No. Even the Kwangsi leaders themselves would not make such a claim. Gen. Chiang's policy is to isolate Kwangsi and "let it die." Having conquered Kwangtung, he expects to liquidate the Kwangsi group by means of economic blockade. Hence, the compromise which has been effected can only be regarded as a brief interlude in Gen. Chiang's plan to unify the country. The plan has definitely not been abandoned and the compromise now reached is actually a capitulation of Kwangsi to Nanking.

MORE

Sept. 7, 1936

**"NIPPO" COMMENTS ON CONCESSIONS
MADE TO KWANGTUNG (CONTINUED)**

This, of course, is well known to Generals Li Tsung-jen and Pai Chung-hsi. Hence, if they wish to consolidate their hold on Kwangsi, they must seek the aid of Japan through intimate collaboration. For this, propitious circumstances are required. At present, they are obliged to assume an anti-Japanese attitude in order to carry on their fight against Nanking, which they must designate as a traitor to the fatherland.

So far as Gen. Chiang's attitude regarding the Chengtu incident is concerned, the question is whether he will proceed to act irresponsibly or, alternatively, seize the opportunity to effect a settlement of all outstanding Sino-Japanese problems. The course he will take will depend very largely upon the relations between Japan and Great Britain. -- Shanghai Nippo, Sept. 7.

**KAWAGOE GOES TO NANKING TO NEGOTIATE
ON CHENG TU INCIDENT**

NANKING, Sept. 6 -- Instructions have been received by Mr. S. Kawagoe, Japanese ambassador to China, regarding the opening of negotiations with the Nanking authorities in regard to the recent Chengtu incident, according to local diplomatic circles.

The Japanese envoy is expected to arrive here tomorrow or the day after to start the parleys.

Mr. Kawagoe's instructions, the details of which are not known, were received from the Japanese Foreign Office, which carefully formulated them after conferences with army and navy officials.

Mr. Y. Suma, Japanese Consul-General in Nanking, left here this afternoon for Shanghai by airplane to confer with Mr. Kawagoe regarding the instructions. -- Ta Kung Pao, Sept. 7.

Sept. 7, 1936

COMMUNISTS DEFEATED IN KANSU

SIAN, Sept. 6 -- The communist armies in ~~Shensi~~ are now concentrated at Chungpao and Matzechuan. After launching an attack on government troops at Minchen and Erlangshan they suffered a severe defeat.

Communist troops which attacked Lintao were defeated by government troops on September 3. -- Ta Kung Pao, Sept. 7.

WANG KEH-MIN CALLS ON JAPANESE IN MUKDEN

TIENTSIN, Sept. 6 -- After three conferences with high officials of the South Manchuria Railway Company, Mr. Wang Keh-min, newly appointed chairman of the Economic Committee of the Hopei-Chahar Political Council, left for Mukden today by rail with the intention of visiting the chief-of-staff of the Japanese Kwantung Army.

It is stated that Mr. Wang will return to Tientsin and also visit Peiping after a short stay in Mukden. His work will consist in bringing about Sino-Japanese cooperation in North China.

According to another report, Mr. Wang will proceed to Tsingtao from Mukden and no date has yet been set for his arrival in Tientsin. -- Lih Pao, Sept. 7.

INDIANS CALL WORLD PEACE MEETING

SHANGHAI, Sept. 6 -- According to Dr. T. H. Li, former president of Fuh Tan University, prominent Indian scholars are preparing to the opening of a world peace conference in India next March.

At the conference, problems of religion, culture and politics will be discussed. Dr. Li has been invited by Indian friends to attend the conference. Lih Pao, Sept. 7.

Sept.7, 1936

GEN.HO YING CHING VISITS HUANG FU

SHANGHAI, Sept.6 -- Gen. Ho Ying-ching, minister of war, arrived here yesterday afternoon by airplane from Nanking and called on Gen. Huang Fu, chairman of the Defunct Peiping Political Affairs Readjustment Committee. Details of the conversations were not divulged. -- Lih Pao, Sept.7.

WANG CHUNG-HUI CALLS ON HSIAO FU-CHEN

HONGKONG, Sept.6 -- Dr. Wang Chung-hui, former judge of the Court of International Justice at The Hague, arrived here today from Canton and called on Mr. Hsiao Fu-chon, veteran Kuomintang leader. He is expected to return to Canton in two or three days. -- Shun Pao, Sept. 7.

**JAPANESE GETS CONTROL OF CHINESE
SHIPPING COMPANY**

TIENTSIN, Sept.6 -- The North China Shipping Company was reorganized here today. A big Japanese creditor of the company was admitted to partnership when the management found it impossible to meet the debt due to him. -- Shun Pao, Sept. 7.

**WANG CHING-WEI SAID RETURNING TO CHINA
NEXT MONTH**

SHANGHAI, Sept.6 -- It is reported in reliable quarters that Mr. Wang Ching-wei, former president of the Executive Yuan, will return to China in the middle of October. He is at present in Europe. Shun Pao, Sept. 7.

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**ANTI-JAPANESE VOLUNTEERS ACTIVE IN
MANCHURIA**

CHANGCHUN, Sept. 6 -- Anti-Japanese Volunteers in Liaoning province, under the command of Gens. Yen Shen-tang and Chao Hei-tze, held an important military conference at Hochiakong, sixth district of the Fengchen hsien.

At this conference a decision was reached to launch a joint attack on the city of Antung with a view to establishing a base for the creation of an anti-Japanese government.

It is reported that these volunteer units are making contacts the volunteers in Kirin, Heilungkiang and Jehol in order to gain support for their forthcoming military actions. -- Shun Pao, Sept. 7.

**HSIAO CHEN-YIN'S DEPARTURE FOR
DAIREN DENIED**

PEIPING, Sept. 6 -- A report that Gen. Hsiao Chen-yin, former mayor of Tientsin, had left for Dairen has been found incorrect. -- Sin Wen Pao, Sept. 7.

**PEIPING-LIAONING RAILWAY PURCHASES
MORE JAPANESE ROLLING STOCK**

DAIREN, Sept. 6 -- A second consignment of rolling stock purchased by the Peiping-Liaoning Railway Administration from the South Manchuria Railway Company is due to reach Tientsin in the middle of October. Together with the first consignment, the Railway has now bought from the S.M.R. 24 locomotives in addition to a large number of cars.

Negotiations are now under way for the establishment of through passenger and freight services between the Peiping-Liaoning Railway and the South Manchuria Railway. Officials engaged in the negotiations have divulged no details. -- Central China Daily News, Shanghai, Sept. 7.

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JAPANESE MILL OPENS BRANCH IN
TIENTSIN

TIENTSIN, Sept. 6 -- The Japanese-owned Shanghai Weaving and Spinning Factory is making arrangements to build a branch factory in Tientsin. The new plan will, it is reported, have 50,000 spindles, and operations are expected to commence next spring. -- China Times, Sept. 7.

NANKING HAS \$200,000,000 DEFICIT

SHANGHAI, Sept. 6 -- Due to the rampancy of smuggling with the corresponding decline in Customs receipts, and the fact that government expenditure has risen by about \$100,000,000, the National Government will show a deficit of \$200,000,000 for the fiscal year ending June 30, 1936.

This statement was made by Dr. H. H. Kung, minister of finance, in the course of a press interview.

Referring to the exceptionally good harvest this year, Dr. Kung urged the people to develop agriculture, declaring that while China has four billion mow of cultivable land, only one and a half billion mow are now under cultivation. -- Shun Pao, Sept. 7.

JAPANESE TRANSPORT SMUGGLED GOODS IN NORTH

TIENTSIN, Sept. 6 -- A Japanese transportation company, armed with Japanese flags and documents, is busily engaged in conveying smuggled goods from East Hopei to Tientsin.

More than 300 car-loads of smuggled goods are arriving here each day and most of the contraband is being stored in the Japanese Concession.

It is reported that more than \$70,000,000 worth of smuggled goods is now stored in Tientsin. -- China Times, Sept. 7.

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**JAPANESE PLANES WILL NOT FLY
TO TAIYUAN**

TAIYUAN, Sept.5 -- As a result of protests made by the Chinese authorities, the Japanese authorities have agreed not to fly any of their planes to Shansi without the permission of the former.

FOREIGNERS AND THE INCOME TAX

NANKING, Sept.5 -- Foreign residents in China will have to pay income tax to the Chinese government as from October 1, the same as in the case of the Chinese. Well-informed sources state that the foreigners will effect payment of the impost through banks. -- Ta Kung Pao, Sept.6.

BIG SWORD SOCIETY ACTIVE IN TATJEN

AMOY, Sept.5 -- More than 700 warriors belonging to the Big Sword Society at Tatjen launched an attack against Taoyuan-tseng, in Fukien province, on August 29. After battling the garrison for nearly three days the attackers were compelled to retire. More than 17 of them were killed. -- Ta Kung Pao, Sept.6.

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TA KUNG PAO COMMENTS ON SETTLEMENT OF KWANGSI TROUBLE

The Kwangsi problem has been settled satisfactorily to the good fortune of the nation and the country, declares the Ta Kung Pao in editorial comment on the situation today (Sept. 7).

When the conflict began, the paper states, we hoped that the conscience and commonsense would triumph. Now this has come to pass. But there are instructive lessons to be drawn from the conflict.

First to be noted is the attitude of toleration by Gen. Chiang Kai-shek. This, more than anything else, resulted in a peaceful outcome of the difficulty. Secondly, Gen. Chiang showed the greatest forbearance in the face of the insulting telegrams which were sent to him by the Kwangsi generals.

On the other hand, Generals Li and Pai did not go the length of organizing their own government. For that they must be given credit.

It is to be hoped that the triumph of commonsense will remain and become universal through the country, for this will benefit the whole nation, including the people of Kwangsi.

SHUN PAO COMMENTS ON ANGLO-JAPANESE RELATIONS

Commenting on the forthcoming negotiations in Tokyo between the new British ambassador to China, Sir Hughe Knatchbull-Hugesson, and officials of the Japanese government, the Shun Pao today writes:

"After visiting Washington and Toronto, the British ambassador to China has arrived in Tokyo. Before his departure from London, he called on Sir Frederick Leith-Ross, who spent nine months investigating economic and financial conditions in this country. He also visited the Japanese ambassador in London.

MORE

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SHUN PAO ON ANGLO-JAPANESE RELATIONS
(CONTINUED)

The present visit of the ambassador to Tokyo to exchange views with Japanese officials regarding Anglo-Japanese and Sino-Japanese relations is of the utmost importance for China.

"It is most extraordinary for a diplomat to discuss problems pertaining to the country to which he is accredited before he has presented his credentials and assumed office. In the present case, however, it is understandable. Both Britain and Japan are eager to arrive at common aims.

"For China, this is a time at which Japan and Britain should come to an understanding. With the solution of the southwest problem, and the unification of China and the opening of Sino-Japanese negotiations, it is obvious that economic conflicts will be aggravated. The time is therefore ripe to find a solution of the situation.

"Present-day developments in the international situation demand a new adjustment of Anglo-Japanese relations. Since Spain is likely to go fascist, Britain is obliged to adopt a more conciliatory attitude towards Japan. Japan meanwhile has great worries over markets, since Manchuria has not turned out to be a promised land in this respect and she has not yet completed her domination of China. Because of this, Japan is willing to reconsider her relations with Britain.

"There are many reports which indicate the likelihood of an Anglo-Japanese rapprochement. It is even reported that Sir Samuel Hoare favors extension of British recognition to Manchukuo with recognition of Japan's special interests in China. The Japanese, on their part, are prepared to reaffirm respect for China's territorial integrity, the open door policy, coupled with due recognition of Britain's interests in China. Although reports along these lines have been denied, their significance cannot be denied or ignored."